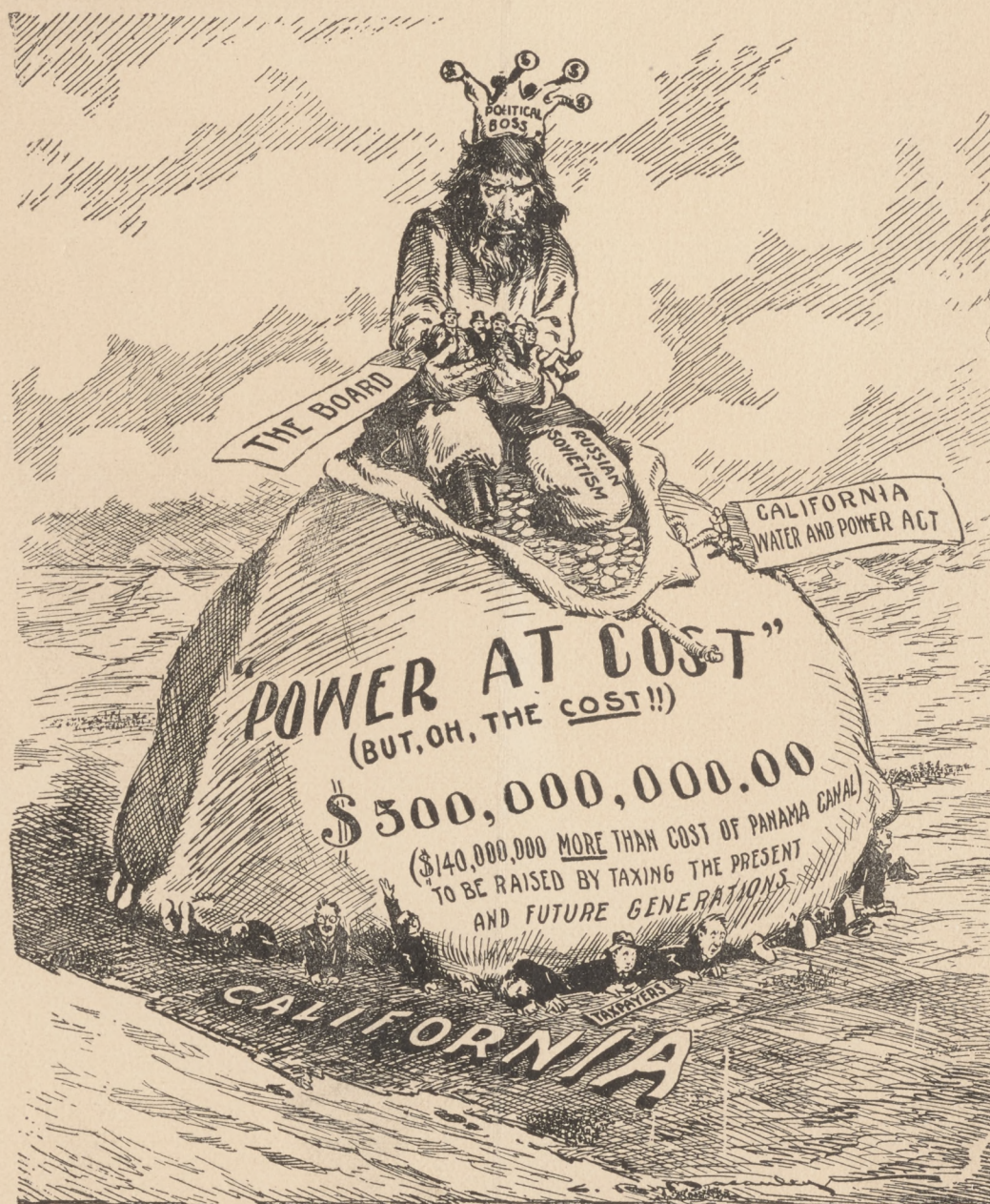


CALIFORNIA IN BONDAGE



Water and (Political) Power Act

Californians Face a Dangerous Issue

We are asked to vote an amendment to the State Constitution next November providing for the issuance of \$500,000,000 in bonds and to place the purse strings in the hands of a political Board of five members appointed by the Governor. This Board is to have unlimited powers—**THE PEOPLE WILL HAVE NO VOICE IN ITS SELECTION OR CONTROL OF ANY OF ITS ACTIVITIES.** This law, if written into the Constitution, could not be altered in any way by the Legislature or Governor.

The Five Hundred Million Dollars is to be spent in the purchase of unknown, unspecified and undescribed water and power projects. This huge amount (\$140,000,000 more than the total cost of the Panama Canal) is guaranteed by the **FULL CREDIT** of the State and will, in effect, constitute a **MORTGAGE ON EVERY PIECE AND PARCEL OF TAXABLE PROPERTY** in California both real and personal.

The measure is designated as the "Water and Power Act." Under the misleading slogan of "Power at Cost" this supremely radical act, more vicious in its provisions than any measure ever introduced in the United States, would plunge California into a Soviet program of a far more dangerous nature than the recent North Dakota disaster which brought ruin upon thousands.

DEADLY PAR

Before accepting the dreams, humbug and dr

THIS IS WHAT IT

THE
BOARD
CAN

Mortgage the **ENTIRE** State of California pledge the **FULL FAITH AND CREDIT** of every security and every other taxable thing payment of same.

THE
BOARD
CAN

Employ as **MANY** people as it desires. Pay whatever **SALARIES** it wants to. Disregard existing Civil Service Regulations.

THE
BOARD
CAN

Confiscate and take possession **IMMEDIATELY** it desires. The Board acts as judge and jury in this **AUTOCRATIC AUTHORITY** make property **UNSAFE**.

THE
BOARD
CAN

Engage in **ANY** business it desires. Manufacture **ANYTHING** it wants to. Put out of business almost any industry.

THE
BOARD
CAN

Take out of the State treasury **WITHOUT** Legislature or Governor any amount of money in principal and interest on the \$500,000,000 taken from the Treasury the act **COMPENSATION** provides that the people **MUST BE TAXED**. Why are these raids on the Treasury **NECESSARY** sound business proposition?

THE
BOARD
CAN

Start its own bank, as money derived from **NOT HAVE TO BE** paid into the State. Experiment in North Dakota resulted in the

THE
BOARD
CAN

Make any rates it **DESIRES** for service **WITHOUT REGULATION** to meet unlimited pay and expenses, principal and interest.

THE
BOARD
CAN

Take away from any **CITY, FARMING** **WATER DISTRICT** its undeveloped water they are not developed within two years any development at any time **MUST BE** approved. This permits the Board, **FOR POLITICAL PURPOSES**, to use the water and power required to build up some other or **RIVAL** community.

THE
BOARD
CAN

Spend any part of the \$500,000,000 **OUTSIDE** **KNOWN, UNSPECIFIED** water or power.

THE
BOARD
CAN

Issue **MORE** bonds in addition to the \$500,000,000 **INTERESTS** in principal and interest on the **FAVORABLE** thus permitting the most **DANGEROUS** **FINANCING AND PYRAMIDING** of the

THE
BOARD
CAN

Perpetuate itself in office with the consent of **UNDER NO CIRCUMSTANCES** are they to be removed or elect Board members. Taxpayers have no say as to where, when or how the \$500,000,000

PARALLEL REVEALS TRUTH

and drivel offered IN DEFENSE of this drastic act, consider the FACTS. HERE THEY ARE:

WHAT IT MEANS

California for \$500,000,000 and **CREDIT** of every piece of property, valuable thing in the State for the

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regulations.

IMMEDIATELY of any property
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Y makes the ownership of any

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ustry.

WITHOUT CONSENT of the
at of money to meet **DEFAULTS**
00,000,000. After this money is
COMPELS the return of it and
BE TAXED to make up the loss.
ry **NECESSARY** if the plan is a

ved from the sale of bonds **DOES**
the State treasury. A similar ex-
d in the failure of 28 banks.

service **WITHOUT CONTROL**
limited payrolls, overhead charges
t.

ARMING COMMUNITY OR
ped water and power resources if
o years after notice. Plans for
JUST be submitted to the Board.
POLITICAL OR OTHER REA-
r resources of any community to
mmunity.

00 OUTSIDE the State on UN-
or power projects if it so desires.

he \$500,000,000 to meet **SHORT-**
he **HALF BILLION DOLLARS**,
GEIOUS form of **WILDCAT**
NG of the State debt.

he cmsent of the Governor and
are he voters permitted to name
rs ha **ABSOLUTELY** no voice
00,00 **MORE** shall be spent.

ACTUAL WORDING OF ACT

Sec. 5. Bonds of the State of California, not exceeding the sum of five hundred million dollars may be issued and sold from time to time to carry out the purposes of this article, and the **FULL FAITH AND CREDIT** of the State of California is hereby pledged for the payment of the principal of said bonds as the same mature, and the interest accruing thereon as the same falls due.

(j) To provide itself with suitable office and field facilities, and to appoint, define the duties and **FIX THE COMPENSATION** of such expert and technical officers, legal and clerical assistants and **OTHER** employees as it may require, subject to such civil service regulations as the board **MAY** provide.

Sec. 14. In any proceeding in eminent domain brought by the board under the provisions hereof, the determination of the board that the taking of the property described in the complaint is necessary for the purposes hereof, shall be **CONCLUSIVE** evidence of such necessity. In any such proceeding the state may take **IMMEDIATE POSSESSION** and use of any property required for the purposes of this article.

(b) To purchase, acquire, produce, manufacture or otherwise provide facilities, materials and supplies, raw or finished, and **ANY** property or thing necessary or **CONVENIENT** to the accomplishment of the purposes of this article.

Par. 2, Sec. 9. If at any time the moneys in the state treasury applicable to the payment of interest or principal of said bonds, shall be insufficient to pay the same as it falls due, moneys shall be temporarily advanced from the general fund for that purpose, and there is **HEREBY APPROPRIATED** from the general fund in the state treasury such sum annually as will be necessary to pay such interest and principal, and there shall be **COLLECTED EACH YEAR** in the same manner and at the same time as other state revenue is collected such sum in **ADDITION** to the other revenues of the state as shall be required to pay the sums appropriated for payment of interest and principal as herein provided, and it is hereby **MADE THE DUTY** of all officers charged by law with any duty with regard to the levy and collection of said revenue **TO DO AND PERFORM** each and every act which shall be necessary to **COLLECT** such additional sum.

Sec. 9. All revenues of the board, **EXCEPT PROCEEDS FROM THE SALE OF BONDS**, shall be paid into the state treasury.

Sec. 8. The board shall establish such rates for service as **IN ITS JUDGMENT** will provide, in addition to the expenses of operation, maintenance, depreciation, interest, insurance and reserve for losses, funds to pay the principal and interest of all bonds issued.

Sec. 13. Nothing contained in this article shall prevent any political subdivision itself, or in co-operation with other political subdivisions, from developing any water or electric energy owned or controlled by it; **BUT** plans for any such development hereafter proposed **SHALL BE SUBMITTED** to the board for suggestions and criticisms, so that the co-operation of the board may be secured, **IF PRACTICABLE**, for the fullest development of the proposed project. The board may acquire **AND DEVELOP** any such project unless the political subdivision claiming the same shall have adopted plans and estimates for the development and authorized bonds to cover the cost thereof, or shall do so within two years after the board shall have notified such political subdivision of its readiness to proceed with such development.

(g) To co-operate and contract with political subdivisions of this state, and, with the approval of the governor, with the United States and **OTHER STATES**, concerning the conservation and use of interstate and other waters.

Sec. 7. Provided, further, that if at any time the revenues from projects shall be insufficient to pay the interest on and principal of outstanding bonds as the same fall due, the committee, with the consent of the governor, in order to avoid appropriations from the general fund and resulting taxation, may **ISSUE** and **SELL** bonds to provide funds to make such payments of interest or principal.

Sec. 2. The California Water and Power Board, hereinafter called the board, is hereby established, composed of five members who shall be appointed by the governor * * * to do any **AND ALL THINGS** necessary or **CONVENIENT** for the conservation, development, storage and distribution of water, and the generation, transmission and distribution of electric energy.

EVERY TAXPAYER IN CALIFORNIA MUST ASSUME THE RISKS OF THIS EXPENSIVE EXPERIMENT—MUST BECOME THE GUARANTOR OF THE INTELLIGENCE, SKILL AND JUDGMENT OF THE PROPOSED BOARD AND OF THE UNIDENTIFIED TECHNICAL STAFF AND ORGANIZATION IT WILL RECRUIT, AS WELL AS PAY THE ENORMOUS TAX TO MEET INTEREST AND SINKING FUND REQUIREMENTS.

ESTABLISHES POLITICAL MACHINE

The Board with its super-powers can create a gigantic political machine. It will have a vast army of employees, their families and dependents, subject to its orders, political or otherwise, and it can control communities and political divisions of California through the fixing of rates and the spending of \$500,000,000, or more.

That is exactly what has happened in Ontario, Canada. The chairman of the Hydro Commission of that Province, a position similar to that proposed for the chairman of the California Power Board, is the political dictator. He has increased the powers of the Hydro Commission by forcing through legislation as he desired and he controls the political appointments and dominates elections.

What would a political Board, beyond the control of the people and with \$500,000,000 or more of the people's money to spend, do in California? It is for you to answer.

TRUTH ABOUT ONTARIO, CANADA

Framers of the California measure patterned after the Ontario, Canada, water and power act. It is now freely admitted by members of the Ontario Legislature that the plan in that Province has met with dismal disappointment. The Province is groaning under a **great deficit and an increasing debt.**

In fact the Government **declined** to issue more bonds when estimates on a single project jumped from \$10,000,000 to \$65,000,000. In defending the Government's attitude, Premier Drury, the highest officer in the Province, said:

"Experience has shown, not in one case, **but in many cases**, that there was perhaps an undue optimism in looking at a great many problems. That is serious (meaning the skyrocketing of estimates) and in view of our experience perhaps we could be pardoned for lacking undue optimism."

Reports by a committee of the Ontario Legislature showed that **less than 1 per cent** of all horse-power developed goes to rural districts and that the larger cities are favored over smaller communities.

WHAT ABOUT CITY POWER PROMISES IN LOS ANGELES?

Again we have an example of unreliable estimates in development of the Los Angeles power system. Engineers of the Los Angeles Power Bureau, said in 1912: "120,000 horse-power can be developed along the aqueduct, proper, at an estimated cost of \$60 per horse-power, which would mean a total expenditure of \$7,200,000."

Official reports of the Bureau of Light and Power to June 30, 1921, admit a total investment of \$13,282,863. Power development alone cost \$10,717,624. Only 72,000 horse-power has been developed. At this rate it will cost \$18,000,000 to develop the 120,000 horse-power or **two and one-half times** the original estimate.

The same engineers giving official voice to additional pledges designed to placate taxpayers, said in January, 1913, that with \$6,500,000 to be provided by **ANOTHER BOND ISSUE**, that it was "certain that not only would the city's power investment be provided for and the city taxpayers relieved at the earliest possible date from further taxation" but that taxpayers and citizens would be assured of "a reduction in rates."

Instead of being self-supporting and the taxpayers being relieved of further taxation, this is what has happened: The taxpayers of Los Angeles **have paid in their taxes on real and personal property** the gigantic sum of \$5,385,000.00 to make up interest and sinking fund requirements on these power bond issues. For the fiscal year, 1921-1922, the sum of \$552,705.00 **must be raised** by taxation for the same purpose. This may be "Power at Cost"—**BUT, OH, THE COST !!**

WHY VOTE BONDS FOR EXPERIMENTS?

Bonds are needed for essentials such as good roads, more schools, public works and undertakings already begun and for our returned service men.

The present bonded indebtedness of the State is \$73,843,000. Voting \$500,000,000 of bonds would increase the bonded indebtedness of California **more than six times**.

Remember, the Act specifically provides that the Board can command the tax-levying and collecting machinery of the State to provide funds and to **raise more funds to meet any deficit**.

THESE MEN KNOW

PRESIDENT HARDING, in his Inaugural Address, said: "We must have more business in government and less government in business."

HERBERT HOOVER, Secretary of Commerce, says: "At the present time California companies are carrying current over wires 300 miles long, while the greatest distance contemplated in the Atlantic Project is only 200 miles. Nowhere is power so cheap as in California."

EDWARD N. HURLEY, War-Time Chairman of the United States Shipping Board, said in April, 1921: "Although at one time sympathetic toward government ownership, I am certain, after a number of years in Government Service, that no community can receive the industrial service to which it is entitled under municipal or government management."

CHESTER H. ROWELL, member of the California State Railroad Commission, said recently: "Our political methods are not yet efficient enough for the state to administer public utilities—the present problem that lies before California is systematization of its political machinery."

Names of Some of the Los Angeles People Who Are Members of the People's Economy League

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Wm. H. Allen, Jr.
H. L. Arnold
Carrie Jacobs Bond
Fred L. Baker
Mrs. E. R. Brainerd
R. W. Burnham
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